GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1036
ANSWERED ON:22.07.2016
Economic Growth
Misra Shri Ajay (Teni)

Will the Minister of FINANCE be pleased to state:

(a) whether as per various international finance organisations including various research centres, India is the fastest growing economy of the world and its Gross Domestic Product is projected to accelerate in the next ten years;

(b) if so, the grounds on which such projection is made;

(c) whether not passing the Goods and Services Tax Bill is likely to affect the growing economy;

(d) if so, the details thereof; and

(e) the steps likely to be taken by the Government to stabilise and increase the GDP in these adverse circumstances, if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) World Bank's Report on Global Economic Prospects, published in June 2016, projected that India's growth will be 7.6 per cent in 2016-17 and will improve to 7.7 per cent in 2017-18. The International Monetary Fund (IMF), in its World Economic Outlook (WEO), published in July 2016, has projected that India will grow by 7.4 per cent in 2016-17, which would be one of the highest growth among the major world economies. India's growth is projected by the IMF to improve gradually in the coming years.

(b) The IMF has indicated that India's growth will continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes. The Global Economic Prospects of the World Bank also indicated that economic activity in India has remained robust, supported mainly by domestic demand. The World Bank has also observed that an accommodative monetary stance, public investments in infrastructure, and progress on structural reforms, including new bankruptcy laws, should support a pickup in private investment.

(c) & (d) There is a broad consensus that the Goods and Services Tax is a major reform initiative that will subsume several indirect taxes eliminating their cascading impact, help widen the tax base, integrate the goods and services market and thereby yield higher growth. Hence, the passing of the Goods and Services Tax Bill will pave the way for an improvement in the overall economic outcome.
(e) The Government of India has taken various initiatives to boost the growth of the economy which, inter alia, include; fillip to manufacturing and infrastructure through fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; substantive reforms and liberalization of foreign direct investment in major sectors; measures to debottleneck the supply of key raw materials; Skill India and Digital India initiatives; "Make in India" initiative along with the attendant facilitatory measures for a more conducive environment for investment; the new insolvency and bankruptcy related legislation; Start-up India Initiative to boost entrepreneurship and creation of jobs; "Stand Up India Scheme" to promote entrepreneurship among SC/ST
and women entrepreneurs; boost to agricultural sector with focus on micro irrigation, watershed development, soil conservation and credit; and, various measures to improve clarity and transparency in economic policy-making. Undertaking measures to stabilize and promote economic growth on a continued basis is high on the agenda of the Government. Its focus on growth-promoting economic reforms and the commitment to improve the ease of doing business and investment is likely to combat the adverse spillovers from global slowdown.
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